



Ohio Attorney General's Consumer Advocate Newsletter



JANUARY/FEBRUARY 2012

Top Scams in 2012

Among the more than 30,000 complaints the Ohio Attorney General's Consumer Protection Section received in 2012 were many reports of potential scams. They ranged from phony business opportunities or online vehicle scams to sweepstakes ploys and sweetheart scams.

The following scams — including one that cost victims nationwide more than \$2 million — proved to be some of the worst:

- **Sweepstakes Scams:** Prize and sweepstakes scams have been circulating for years, and they continued to plague Ohio consumers in 2012. Reported scams typically began with a phone call or letter claiming the consumer had won a prize. Most consumers did not fall for the ploy, but a few sent hundreds or thousands of dollars, often via wire transfer, for a prize that didn't exist.
- **Business Opportunity Scams:** During Older Americans Month in May, Attorney General DeWine [warned](#) Ohioans that elderly consumers were increasingly entering into Internet business opportunities that provided them nothing in return. In some cases, consumers paid hundreds or thousands of dollars for online business ventures that didn't deliver. Unscrupulous telemarketers get in on the action, too. Recently, the Federal Trade Commission thanked the Ohio Attorney General's Office for assisting with a case against a telemarketing operation that for years deceived consumers into thinking its services would help their home-based businesses succeed. The enterprises often charged several thousand dollars for tax help or customized planning but failed to provide promised services.
- **Land Sale Scam:** In June 2012, the Attorney General's Economic Crimes Unit and the Miami County Prosecutor's Office indicted 18 suspects on felony charges for running a national telemarketing fraud ring that stole more than \$2 million from thousands of victims in 41 states. Since 2007, the telemarketing ring, made up of at least three different companies, targeted elderly victims and promised it would sell the inexpensive, vacant land the victims owned. These companies told victims their land was worth up to 15 times its assessed value and that they had eager buyers who wanted to purchase the land. Victims paid fees of \$500 to almost \$16,000 to guarantee the sale of the land, but the land was never sold. In fact, while the three companies were operating, there were never any buyers, closings, or sales.

Con Artists Favor Prepaid Cards

In 2012, con artists increasingly asked potential victims to send payment using prepaid money cards. Prepaid cards, which can be found at many retail stores, offer many of the same benefits as a credit or debit card, without requiring the user to have a checking account or credit card. They also lack the protections that accompany a credit or debit card.

The convenience and lack of regulation of prepaid cards make them a popular form of payment for con artists. A scammer may ask a victim to buy a prepaid card at a store and provide the card's activation code. The activation code makes it easy for the scammer to access the money almost anywhere.

If someone asks you to purchase a prepaid card as the form of payment, be wary: It could be the sign of a scam.

To learn more or to report a scam, visit www.OhioAttorneyGeneral.gov or call 800-282-0515.

Take Extra Precautions this Tax Season

During tax season, take extra precautions to protect your identity and beware of “instant” tax refunds.

With the ease of filing tax returns online, thieves may try to use your Social Security number to file and obtain a tax refund in your name. You may not realize you’re a victim until you try to file your own taxes and find out they have already been filed.

To protect yourself, guard your personal information. Don’t carry your Social Security card in your wallet or purse. Only use reputable businesses or trusted individuals to assist in filing your tax return.

Be very skeptical of anyone who asks for your personal information such as your name, Social Security number, and date of birth in exchange for offering you a “special tax refund” through a “special IRS program.” This may be a ploy to obtain your personal information.

If you are using a paid tax preparation service, ask for detailed information about all applicable fees before your return is prepared. Ask for a complete breakdown of the costs and the purpose of each charge. Make sure to explore free tax preparation programs and online self-filing options before you hire a paid tax preparation service. If you are going to hire a paid tax preparation service, research the reputation of the business with the Ohio Attorney General and the Better Business Bureau.

Be wary of offers for fast-cash refunds or instant refunds. An “instant refund” may be a costly loan based on your expected tax return. It also could be a refund anticipation check — a temporary account in which your refund will be deposited and from which preparation fees and other costs will be deducted. Although refund anticipation loans or checks may allow you to receive your refund money a few days early, they may not be worth the high cost.

To avoid costly loans and reduce the risk of identity theft, file your own tax returns electronically free of charge and have the refund directly deposited in a bank account.

You also may be eligible for free tax preparation help, such as through the IRS’ Volunteer Income Tax Assistance (VITA) Program, which offers free tax help to low-to-moderate income consumers. Learn more on the [IRS website](http://www.irs.gov).

If you believe you have been affected by a tax scam or to file a complaint about a tax service, contact the Ohio Attorney General’s Office at www.OhioAttorneyGeneral.gov or 800-282-0515.

Scam Alert: Hackers Lock PCs and Demand Payment

Beware of a recent computer scam that tricks consumers into sending money and revealing personal information.

Here's how it works: You turn on your computer only to find that your files are not accessible and your computer is frozen. Then, an alert appears on your screen. The alert seems to be from a legitimate government agency, and it informs you that a fee must be paid to unlock the computer.

In reality, hackers are impersonating government agencies to scare consumers into sending money and potentially revealing personal information. In most cases, it is impossible to get any money back once it's sent, and consumers who send money to cover the "unlock fee" typically find that their computers are only temporarily unlocked, if at all. Eventually, the same distressing alert appears, demanding more money.

Furthermore, the hacker may be able to access personal information such as passwords and online bank accounts stored in the computer's hard drive, putting victims at risk of identity theft.

Protect Yourself

While browsing online or checking e-mails, be cautious of links and software. Viruses often are encrypted in websites or e-mails that appear to be legitimate. Ensure that the latest version of anti-virus software is installed on your computer.

Never store personal information such as passwords, bank account numbers, or Social Security numbers on your computer. Change your passwords often and opt to use only words and numbers that aren't easily associated with your identity. For example, never include family or pet names, phone numbers, or birth dates in your passwords.

If your computer is compromised, do not pay the ransom. Instead, visit a local, reputable repair shop and ask a technician to restore the hard drive to factory settings. Then, reinstall backup files and software.

Contact the Ohio Attorney General's Office at 800-282-0515 or www.OhioAttorneyGeneral.gov for more information or to report a scam.

'Finders' may be 'Keepers' of Unclaimed Funds

If you have unclaimed funds in your name, you don't have to hire a professional to try to recover them. Be wary of individuals or websites that tell you otherwise.

According to the Ohio Department of Commerce, unclaimed property is any financial asset for which an owner has not generated activity for an extended period of time. Unclaimed funds can range from savings or checking to payroll, insurance proceeds, or stocks.

Individuals generally can learn about unclaimed funds through the Ohio Department of Commerce or their local county auditor's office for free, though professional finders may charge individuals to recover unclaimed funds.

Consumers should beware of finders who won't deliver on their promises. In September 2012, Attorney General Mike DeWine filed a lawsuit against a Columbus man who offered to recover unclaimed funds in consumers' names but failed to deliver the funds.

The man, Alexander N. Mitchell, operated under the names Capital One Enterprises, Franklin Financial Services, and Asset Recovery Specialists. (Capital One Enterprises is unrelated to Capital One Financial Corp.)

According to the lawsuit, Mitchell charged consumers his upfront "finder's fee" and kept the funds he recovered on their behalf.

He contacted consumers by phone or through the mail and offered to provide information about the holders of the unclaimed funds or offered to locate and deliver the unclaimed funds to the consumer in exchange for a percentage of the funds.

In some cases, Mitchell convinced consumers to grant him "Limited Power of Attorney" for the purpose of getting the funds, from which he said he would deduct a fee and forward the remainder to consumers. However, consumers never received their funds.

The Attorney General's lawsuit charged Mitchell with multiple violations of Ohio's Consumer Sales Practices Act, including failure to deliver, misrepresenting services, and knowingly entering into one-sided consumer transactions. The lawsuit also charged Mitchell with violating the Telephone Solicitation Sales Act. In the lawsuit, the Attorney General sought consumer restitution, a declaratory judgment, injunctive relief, and civil penalties. Mitchell failed to respond to the lawsuit, and the court granted a default judgment against him in December 2012. The judgment included an order to stop violating consumer law.

If you want to find out if there are unclaimed funds being held in your name or claim your unclaimed funds, remember that it is not necessary to pay a professional finder. Instead, you can contact the Ohio Department of Commerce at www.com.ohio.gov/unfd or 614-466-4433 or contact your local county auditor's office. If you live outside Ohio, you also may contact the commerce department of that state or the county auditor where you live.

To file a complaint with the Ohio Attorney General's Office, visit www.OhioAttorneyGeneral.gov or call 800-282-0515.



For more information, contact Ohio Attorney General Mike DeWine's Consumer Protection Section at **800-282-0515** or **www.OhioAttorneyGeneral.gov**.